

TOWNSHIP OF DOVER
OTSEGO COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Dover Township	County Otsego
Audit Date 3-31-04	Opinion Date 8-30-04	Date Accountant Report Submitted to State: 9-17-04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan, as required by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan*, as revised.

2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Keskine, Cook, Miller, Smith & Alexander LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature 			

RECEIVED
SEP 22 2004
DEPT. OF TREASURY
BUDGET & FINANCE DIV.

TOWNSHIP OFFICIALS

SUPERVISOR

THOMAS MURPHY

CLERK

JANET KWAPIS

TREASURER

BARB LAWNICHAK

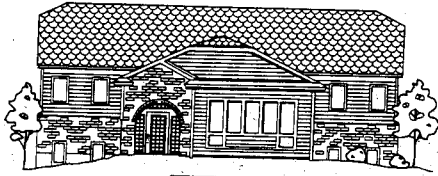
TRUSTEES

REBECCA HOUSE

CHET KOZLOWSKI

DOVER TOWNSHIP
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Keskin, Cook, Miller, Smith & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

August 30, 2004

To the Township Board
Dover Township
Otsego County, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Township of Dover, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Township of Dover as of March 31, 2004, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2004.

The management's discussion and analysis on pages III-V and budgetary comparison information on pages 18-20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Keskine, Cook, Miller, Smith & Alexander, LLP
KESKINE, COOK, MILLER, SMITH & ALEXANDER, LLP

DOVER TOWNSHIP
2985 Marquardt Road
Gaylord, MI 49735

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Dover Township's annual financial report presents our discussion and analysis of our financial performance during the fiscal year ended March 31, 2004. Please read it in conjunction with the financial statements which immediately follow this section.

Financial Highlights

Overall revenues, as presented in the Statement of Activities, totaled \$131,446, of which \$2,012 represents program revenues (charges for services and operating grants), and \$129,434 represents general revenues, primarily property tax dollars and State shared revenue.

Overall expenditures totaled \$78,424 for the Township as a whole.

The Township experienced an increase in net assets of \$53,022, due primarily from the conservative fiscal management of the Township Board.

The registered voter count is now at 537.

The taxable value of the Township for the 2003 tax year was \$38,465,502, up from \$34,472,820 in 2002.

Overview of the Financial Statements

This annual report consists of three parts: the management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities and/or business-type activities. The Township does not engage in business-type activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Supplementary information further explains and supports the financial statements information with budgetary comparisons.

Government-Wide Statements

The government-wide statements report information about the Township as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the Township's assets and liabilities. The Statement of Activities records all the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities; this is one method to measure an entity's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider additional factors such as tax base changes, facility conditions, and specific transactions.

All of the activities of the Township are reported as governmental activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds, not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. They also may be created by the Township Board. Funds are established to account for funding and spending of specific financial resources and they show proper expenditure of those resources. The fund financial statements are prepared using the modified accrual basis of accounting, reporting only current transactions.

Financial Analysis of the Township as a Whole

Net Assets – the entity's combined net assets increased during the year ended March 31, 2004, to total \$309,865, of which \$27,200 is invested in capital assets.

This condition can be traced to the items noted in the "Financial Highlights" section of this letter.

Financial Analysis of the Township's Funds

The Township has the following major fund:

General Fund – the General Fund is used to account for all activities not required to be accounted for in a separate fund. Revenues are derived primarily from property taxes and State shared revenue, with total revenues of \$131,446. General Fund expenditures totaled \$75,624. The major general fund expenditures were salaries and fire protection.

Financial Analysis of the Township's Funds (Continued)

The Township also maintains a fiduciary fund for tax collection and disbursement activities. The Township acts as a fiduciary for assets that belong to others. These activities do not appear in the government-wide financial statements since the assets do not belong to the entity.

Capital Asset and Long-term Debt Activity

The Township made no significant capital asset purchases over the past year, nor does the Township have any long-term debt.

Known Factors Affecting Future Operations

The Township continues to monitor various road construction/repair projects.

Contracting Entity Management

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the entity's finances and to demonstrate the entity's accountability for the revenues it receives. If you have questions concerning this report, please contact Supervisor Thomas Murphy.



Thomas Murphy, Dover Township Supervisor

**TOWNSHIP OF DOVER
STATEMENT OF NET ASSETS
MARCH 31, 2004**

ASSETS

Current Assests:

Cash	\$ 182,076
Certificate of Deposit	65,781
Receivables:	
Due from the Tax Account	1,781
Delinquent Taxes Receivable	29,256
Deilnquent Personal Property Taxes	4,266
Total Current Assets	<u>283,160</u>

Capital Assets:

Capital Assets	59,000
Less, Accumulated Depreciation	(31,800)
Total Capital Assets	<u>27,200</u>

Total Assets	<u><u>310,360</u></u>
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LIABILITIES

Current Liabilities:

Payroll Liabilities	495
Total Liabilities	<u>495</u>

NET ASSETS

Net Assets - Unrestricted	200,437
Net Assets - Restricted	82,228
Investment in Capital Assets	27,200
Total Net Assets	<u><u>\$ 309,865</u></u>

See accompanying notes to the financial statements

TOWNSHIP OF DOVER
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2004

	P R O G R A M R E V E N U E S				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRI- BUTIONS	CAPITAL GRANTS AND CONTRI- BUTIONS	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
Township Administration	\$ (42,673)		\$ 1,612		\$ (41,061)
Fire Protection	(11,465)				(11,465)
Assessing	(10,623)				(10,623)
Buildings and Grounds	(7,577)	400			(7,177)
Landfill	(3,286)				(3,286)
Roads	-				-
Unallocated Depreciation	(2,800)				(2,800)
	(78,424)	400	1,612	-	(76,412)
GENERAL REVENUES					
Property Taxes					70,848
State Shared Revenue					42,004
Property Tax Admin. Fee					12,421
Interest Income					3,142
Miscellaneous					1,019
Total General Revenues					129,434
Changes In Net Assets					53,022
Net Assets - Beginning of Year					256,843
Net Assets - End of Year					\$ 309,865

See accompanying notes to the financial statements

**TOWNSHIP OF DOVER
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2004**

		GENERAL FUND
		<hr/>
	ASSETS	
Cash		\$ 182,076
Certificate of Deposit		65,781
Receivables:		
Due from the Tax Account		1,781
Delinquent Taxes Receivable		29,256
Delinquent Personal Property Taxes		4,266
		<hr/>
Total Assets		283,160
		<hr/> <hr/>
	LIABILITIES AND FUND EQUITY	
Liabilities:		
Payroll Liabilities		495
		<hr/>
Total Liabilities		495
		<hr/>
Fund Equity:		
Fund Balance - Unrestricted		200,437
Fund Balance - Restricted		82,228
		<hr/>
Total Fund Equity		282,665
		<hr/>
Total Liabilities and Fund Equity		\$ 283,160
		<hr/> <hr/>

See accompanying notes to the financial statements

**TOWNSHIP OF DOVER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2004**

**TOTAL FUND BALANCE - GOVERNMENTAL ACTIVITIES
PER BALANCE SHEET - PAGE 3**

\$ 282,665

Amounts reported for governmental activities in the Statement
of Net Assets (Page 1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore not used in the funds

27,200

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES
PER STATEMENT OF NET ASSETS - PAGE 1**

\$ 309,865

See accompanying notes to the financial statements

TOWNSHIP OF DOVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND
REVENUES:	
Property Taxes	\$ 70,848
State Shared Revenues	42,004
Charges for Services	14,033
Interest	3,142
Rents and Royalties	656
Miscellaneous	763
Total Revenues	<u>131,446</u>
EXPENDITURES:	
General Government	64,159
Fire	11,465
Roads	-
Total Expenditures	<u>75,624</u>
Excess of Revenues over Expenditures	55,822
Fund Balance - Beginning of Year	<u>226,843</u>
Fund Balance - End of Year	<u><u>\$ 282,665</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DOVER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2004**

**NET CHANGE IN FUND BALANCE -
GOVERNMENTAL FUNDS - PAGE 5**

\$ 55,822

Amounts reported for governmental activities in the Statement of
Activities (page 3) are different because:

Depreciation expense is recorded in the Statement of Activities
but not in the governmental fund financial statements.

(2,800)

**CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES
PER THE STATEMENT OF ACTIVITIES - PAGE 2**

\$ 53,022

See accompanying notes to the financial statements

**TOWNSHIP OF DOVER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2004**

ASSETS

Cash - Tax Account	\$ 3,333
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LIABILITIES

Due to other Funds	1,781
Due to Other Individuals	1,552
Total Liabilities	<u>3,333</u>

NET ASSETS

Net Assets	\$ -
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See accompanying notes to the financial statements

**TOWNSHIP OF DOVER
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED MARCH 31, 2004**

RECEIPTS:

Property Taxes and Interest

\$ 765,349

DISBURSEMENTS:

Property Taxes and Interest

765,349

Changes in Fiduciary Net Assets

-

Fiduciary Net Assets - Beginning of Year

-

Fiduciary Net Assets - End of Year

\$ -

See accompanying notes to the financial statements

**TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE A: ENTITY

The Township of Dover is a general law township of the State of Michigan located in Otsego County, Michigan. It operates under an elected board and provides service to its residents in many areas including law enforcement, community enrichment and human services. The criteria established for the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of Dover Township.

The Otsego County Fire Board provides fire protection services to the Township. The Board is comprised of several governmental units in Otsego County including Dover Township. The Township's cost of operating the department is shown as expenditures of the general fund. The Township has no oversight responsibilities for the fire department.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Dover Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Dover Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2003, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

**TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities.

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Township has no business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major governmental fund:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and State shared revenues.

Other Funds

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2003, are recorded as revenue in the current year. The Township's taxable value for the 2003 tax year totaled \$38,465,502.

The tax rates for the year ended March 31, 2004, were as follows:

PURPOSE	RATE/ASSESSED VALUATION
General	0.9199 mills per \$1,000
Roads	1.0000 mills per \$1,000

BUDGET

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGET (CONTINUED)

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional and activity basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level. Budgets as adopted end on March 31 of each year. There are no carryover budget items. During the year ended March 31, 2004, no over-expenditures were noted.

CAPITAL ASSETS AND DEPRECIATION

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$2,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	25 – 40
Improvements, other than buildings	10 – 20
Machinery and equipment	5 – 10
Vehicles	5 – 10

Land and construction in progress are not depreciated.

With respect to asset improvements, costs over \$1,000 should be capitalized if:

1. The estimated life of the asset is extended by more than 25%, or
2. The cost results in an increase in the capacity of the asset, or
3. The efficiency of the asset is increased by more than 10%, or
4. Significantly changes the character of the asset, or
5. In the case of streets and roads, if the work done impacts the "base" structure.
6. Other wise, the cost should be expensed as repair and maintenance.

For information describing capital assets, see Note E.

**TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

The Township currently has no long-term debt.

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as much, include amounts based on informed estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

NOTE C: CASH AND INVESTMENTS

Cash consists of bank accounts or securities with original maturities of 90 days or less. Investments consist of certificates of deposit with original maturities in excess of 90 days.

All cash and investment deposits are maintained in financial institutions in Northern Michigan. The Township's deposits are categorized to give an indication of the level of risk assumed by the Township at fiscal year-end. The categories are described as follows:

- Category 1 – Insured or collateralized with securities held by the Township or by its agent in the Township's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
- Category 3 – Uncollateralized.

TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE C: CASH AND INVESTMENTS (CONTINUED)

	<u>BANK BALANCE</u>	<u>1</u>	<u>CATEGORY 2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
Cash	\$ 134,245	\$ 100,000	\$ -	\$ 34,245	\$ 182,076
Investments	65,781	65,781	-	-	65,781
Trust & Agency	54,341	54,341	-	-	3,333

NOTE D: DUE FROM/TO OTHER FUNDS

This amount, \$1,781, represents undisbursed funds in the current tax collection fund that were due to the general fund at March 31, 2004.

NOTE E: CAPITAL ASSETS

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>	<u>CAPITAL ASSETS DEPRECIATED</u>		
	<u>Land</u>	<u>Building & Improvements</u>	<u>Equipment</u>	<u>Totals</u>
Governmental Activities				
<i>Capital Assets</i>				
Balance, April 1, 2003	\$ 1,000	\$ 40,000	\$ 18,000	\$ 59,000
Increases	-	-	-	-
Decreases	-	-	-	-
Balance, March 31, 2004	<u>1,000</u>	<u>40,000</u>	<u>18,000</u>	<u>59,000</u>
<i>Accumulated Depreciation</i>				
Balance, April 1, 2003	-	20,000	9,000	29,000
Increases	-	1,000	1,800	2,800
Decreases	-	-	-	-
Balance, March 31, 2004	<u>-</u>	<u>21,000</u>	<u>10,800</u>	<u>31,800</u>
<i>Capital Assets, Net</i>	<u>\$ 1,000</u>	<u>\$ 19,000</u>	<u>\$ 7,200</u>	<u>\$ 27,200</u>

Depreciation expense was not charged to functions of the Township - it is stated as "unallocated depreciation" on the Statement of Activities.

NOTE F: LONG-TERM DEBT

The Township had no long-term debt as of March 31, 2004.

TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004

NOTE G: RESTRICTED FUND BALANCE/NET ASSETS

In 1994, the Township began assessing one (1.000) mill for the purposes of road resurfacing and construction. These dollars are "restricted" for that purpose only. The dollars available for road work as of March 31, 2004 was \$82,228.

CALCULATION OF BEGINNING NET ASSETS

The Township adopted GASB Statement No. 34 effective April 1, 2003. The following represents the reconciliation of the Townships fund balance as of April 1, 2003, to its beginning net assets balance, as presented in the Statement of Activities, for the year ended March 31, 2004:

Total Fund Balance, April 1, 2003	\$ 226,843
Record capital assets	59,000
Record accumulated depreciation	(29,000)
Beginning Net Assets, April 1, 2003	<u>\$ 256,843</u>

NOTE H: PENSION PLAN

The Township has a defined contribution pension plan covering all of its elected officials and full-time employees. The plan currently has 5 participants and is maintained with the Municipal Retirement Systems, Inc.

Total pension expense for the year was \$3,446. Payments made to the plan vest immediately to the participants. The plan provides fully insured pension credits and each year's contribution is sufficient to fully fund the benefits earned during the year. Payments to the plan have been used only to purchase benefits and so there are no separate plan assets.

The Township's total payroll for the year was approximately \$27,824, all of which was covered by the pension plan.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**TOWNSHIP OF DOVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004**

NOTE 1: CONTINGENCIES

INSURANCE

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participating plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

TOWNSHIP OF DOVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes	\$ 68,866	\$ 68,866	\$ 70,848	\$ 1,982
State Grants:				
State Shared Revenue	40,000	40,000	41,739	1,739
Swamp Tax	-	-	265	265
Charges for Services:				
Summer Tax Reimb.	-	-	1,612	1,612
Property Tax Admin. Fee	7,071	7,071	12,421	5,350
Rents & Royalties	-	-	656	656
Interest Income	-	-	3,142	3,142
Miscellaneous	-	-	763	763
Total Revenues	115,937	115,937	131,446	15,509
EXPENDITURES				
GENERAL GOVERNMENT				
Township Board:				
Salaries - Trustees	3,655	3,655	3,656	(1)
Per Diem	900	900	1,300	(400)
Planning Committee	-	-	720	(720)
Payroll Taxes	450	450	377	73
Retirement	3,750	3,750	3,446	304
Supplies	100	100	125	(25)
Contractual	750	750	1,074	(324)
Insurance	500	500	423	77
Dues & Subscriptions	1,200	1,200	1,054	146
Professional Services	5,000	5,000	1,075	3,925
Miscellaneous	200	200	115	85
Total Township Board	16,505	16,505	13,365	3,140
Supervisor:				
Salary	5,344	5,344	5,344	-
Per Diem	1,250	1,250	285	965
Supplies	100	100	52	48
Travel	200	200	-	200
Total Supervisor	6,894	6,894	5,681	1,213

TOWNSHIP OF DOVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Assessor:				
Contractual Fee	8,282	8,282	8,282	-
Supplies	400	400	731	(331)
Postage	250	250	200	50
Travel	200	200	135	65
Capital Outlay	650	650	1,275	(625)
Total Assessor	9,782	9,782	10,623	(841)
Clerk:				
Salary	9,412	9,412	9,412	-
Per Diem	600	600	700	(100)
Supplies	300	300	148	152
Postage	150	150	111	39
Total Clerk	10,462	10,462	10,371	91
Board of Review:				
Wages	576	576	504	72
Supplies	100	100	36	64
Total Board of Review	676	676	540	136
Treasurer:				
Salary	9,412	9,412	9,412	-
Per Diem	300	300	150	150
Summer Tax Wage	801	801	801	-
Supplies	600	600	342	258
Postage	600	600	768	(168)
Total Treasurer	11,713	11,713	11,473	240
Election:				
Wages	1,650	1,650	764	886
Supplies	100	100	359	(259)
Travel	-	-	120	(120)
Total Election	1,750	1,750	1,243	507

TOWNSHIP OF DOVER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Township Hall:				
Supplies	150	150	580	(430)
Insurance	2,100	2,100	2,324	(224)
Utilities	1,550	1,550	1,753	(203)
Repairs and Maintenance	3,000	3,000	2,150	850
Snow Removal	500	500	595	(95)
Miscellaneous	400	400	175	225
Total Township Hall	7,700	7,700	7,577	123
Roads	-	-	-	-
Landfill	4,000	4,000	3,286	714
Total General Government	69,482	69,482	64,159	5,323
PUBLIC SAFETY				
Fire Protection	11,465	11,465	11,465	-
Total Expenditures	80,947	80,947	75,624	5,323
Excess (Deficiency) of Revenues Over Expenditures	34,990	34,990	55,822	20,832
Fund Balance - Beginning of Year	226,843	226,843	226,843	-
Fund Balance - End of Year	261,833	261,833	282,665	20,832